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**UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA**

Cornelius Bullock,  
Plaintiff,  
v.  
Clarity Services, Inc.; Republic Bank  
& Trust Company dba Elastic; and  
CNU Online Holdings, LLC dba Cash  
Net USA,  
Defendants.

**Case No.:**

**Complaint for damages under the  
FCRA, 15 U.S.C. § 1681**

## Introduction

- 2     1. The United States Congress has found the banking system is dependent up-on fair  
3         and accurate credit reporting. Inaccurate credit reports directly impair the  
4         efficiency of the banking system, and unfair credit reporting methods undermine  
5         the public confidence, which is essential to the continued functioning of the  
6         banking system. Congress enacted the Fair Credit Reporting Act, 15 U.S.C. §  
7         1681 et seq. (“FCRA”), to ensure fair and accurate re-porting, promote efficiency  
8         in the banking system, and protect consumer privacy. The FCRA seeks to ensure  
9         consumer reporting agencies exercise their grave responsibilities with fairness,  
10         impartiality, and a respect for the consumer’s right to privacy because consumer  
11         reporting agencies have assumed such a vital role in assembling and evaluating  
12         consumer credit and other information on consumers. The FCRA also imposes  
13         duties on the sources that provide credit information to credit reporting agencies,  
14         called “furnishers.”

15     2. The FCRA protects consumers through a tightly wound set of procedural  
16         protections from the material risk of harms that otherwise flow from inaccurate  
17         reporting. Thus, through the FCRA, Congress struck a balance between the credit  
18         industry’s desire to base credit decisions on accurate information, and consumers’  
19         substantive right to protection from damage to reputation, shame, mortification,  
20         and the emotional distress that naturally follows from inaccurate reporting of a  
21         consumer’s fidelity to his or her financial obligations.

22     3. Cornelius Bullock (“Plaintiff”), by counsel, brings this action to challenge the  
23         actions of Clarity Services, Inc. ("Clarity"); Republic Bank & Trust Company  
24         dba Elastic ("Elastic"); and CNU Online Holdings, LLC dba Cash Net USA  
25         ("CNU") (jointly as “Defendants”), with regard to erroneous reports of  
26         derogatory credit information to national reporting agencies and Defendants’  
27         failure to properly investigate Plaintiff’s disputes.

- 1 4. Plaintiff makes these allegations on information and belief, with the exception of
  - 2 those allegations that pertain to Plaintiff, which Plaintiff alleges on personal
  - 3 knowledge.
  - 4 5. While many violations are described below with specificity, this Complaint
  - 5 alleges violations of the statutes cited in their entirety.
  - 6 6. Unless otherwise stated, all the conduct engaged in by Defendants took place in
  - 7 Nevada.
  - 8 7. Any violations by Defendants were knowing, willful, and intentional, and
  - 9 Defendants did not maintain procedures reasonably adapted to avoid any such
  - 10 violations.
  - 11 8. Defendants failed to properly investigate Plaintiff's disputes, damaging Plaintiff's
  - 12 creditworthiness.

### **Jurisdiction and Venue**

- 14 9. Jurisdiction of this Court arises pursuant to 28 U.S.C. § 1331 (federal question  
15 jurisdiction); 15 U.S.C. § 1681.

16 10. This action arises out of Defendants' violations of the FCRA.

17 11. Venue is proper in the United States District Court for the District of Nevada  
18 pursuant to 28 U.S.C. § 1391(b) because Plaintiff is a resident of Clark County,  
19 Nevada and because Defendants are subject to personal jurisdiction in Clark  
20 County, Nevada as they conduct business here. Venue is also proper because the  
21 conduct giving rise to this action occurred in Nevada. 28 U.S.C. § 1391(b)(2).

## **Parties**

- 23 12. Plaintiff is a natural person living in Clark County, Nevada. In addition,  
24 Plaintiff is a “consumer” as that term is defined by 15 U.S.C. § 1681a(c).  
25 13. Defendants are each a corporation doing business in the State of Nevada.

- 1       14. Elastic and CNU are furnishers of information as contemplated by 15 U.S.C. §  
2                   1681s-2(b) that regularly and in the ordinary course of business furnish  
3                   information to a consumer credit reporting agency.
  - 4       15. Clarity regularly assembles and/or evaluates consumer credit information for  
5                   the purpose of furnishing consumer reports to third parties and uses interstate  
6                   commerce to prepare and/or furnish the reports. This entity is a “consumer  
7                   reporting agency” as that term is defined by 15 U.S.C. §1681a(f).
  - 8       16. Unless otherwise indicated, the use of Defendants’ names in this Complaint  
9                   includes all agents, employees, officers, members, directors, heirs, successors,  
10                  assigns, principals, trustees, sureties, subrogees, representatives, and insurers of  
11                  the named Defendants.

## **GENERAL ALLEGATIONS**

**Re: Bankruptcy Case No. 20-11933**

- 14 17. On or about Apr 10, 2020, Plaintiff filed for bankruptcy in the United States  
15 bankruptcy Court for the District of Nevada pursuant to 11 U.S.C. §1301 et seq.  
16 (the “bankruptcy”).

17 18. The obligations to each creditor-furnisher herein (as applicable) were scheduled  
18 in the bankruptcy and each respective creditor, or its predecessor in interest,  
19 received notice of the bankruptcy.

20 19. None of the creditor-furnishers named herein filed any proceedings to declare  
21 their alleged debts “non-dischargeable” pursuant to 11 U.S.C. § 523 et seq.

22 20. No creditor-furnisher named herein obtained relief from the “automatic stay”  
23 codified at 11 U.S.C. §362 et seq. while Plaintiff’s bankruptcy was pending to  
24 pursue Plaintiff for any personal liability.

25 21. Further, while the automatic stay was in effect during the bankruptcy, it was  
26 illegal and inaccurate for any creditor-furnisher named herein to report any  
27 post-bankruptcy derogatory collection information, pursuant to the Orders

- 1       entered by the bankruptcy Court.
- 2   22. The accounts named herein (as applicable) were discharged through the
- 3       bankruptcy on Jul 13, 2020.
- 4   23. However, Defendants either reported or caused to be reported inaccurate
- 5       information as discussed below after Plaintiff's debts were discharged.
- 6   24. Additionally, Defendants' inaccurate reporting did not comply with the
- 7       Consumer Data Industry Association's Metro 2 reporting standards, which
- 8       provides guidance for credit reporting and FCRA compliance.
- 9   25. The Consumer Data Industry Association ("CDIA") publishes the Metro 2
- 10       ("Metro 2") reporting standards to assist furnishers with their compliance
- 11       requirements under the FCRA.
- 12   26. Courts rely on such guidance to determine furnisher liability. *See, e.g., In re*
- 13       *Helmes*, 336 B.R. 105, 107 (Bankr. E.D. Va. 2005) (finding that "industry
- 14       standards require that a debt discharged in bankruptcy be reported to a credit
- 15       reporting agency with the notation 'Discharged in bankruptcy' and with a zero
- 16       balance due").
- 17   27. On information and belief, Defendants adopted and at all times relevant
- 18       implemented the Metro 2 format.
- 19   28. On information and belief, each furnisher named herein adopted the Metro 2
- 20       reporting standards and at all times relevant implemented the Metro 2 format as
- 21       an integral aspect of their respective duties under the FCRA to have in place
- 22       adequate and reasonable policies and procedures to handle investigations of
- 23       disputed information.
- 24   29. Each furnisher named herein failed to conform to the Metro 2 Format when
- 25       reporting on Plaintiff's accounts after Plaintiff filed bankruptcy as further set
- 26       forth below.
- 27   30. In turn, each of the credit reporting agencies named herein, reported and re-

1 reported the inaccurate information, thus violating their duty to follow  
 2 reasonable procedures to assure maximum possible accuracy under 15 U.S.C. §  
 3 1681e(b) when preparing a consumer report.

- 4 31. To this end, the adverse reporting on Plaintiff's consumer report departed from  
 5 the credit industry's own reporting standards and was not only inaccurate, but  
 6 also materially misleading under the CDIA's standards as well.
- 7 32. A "materially misleading" statement is concerned with omissions to credit  
 8 entries, that in context create misperceptions about otherwise may be factually  
 9 accurate data. *Gorman v. Wolpoff & Abramson, LLP*, 584 F.3d 1147, 1163 (9th  
 10 Cir. 2009).

11 **Clarity, Elastic, and CNU Misreported Consumer Information  
 12 and Failed to Investigate Plaintiff's Dispute**

13 **Re: Elastic Account No. \*\*\*\*5391 and CNU Account No. \*\*\*\*7688**

- 14 33. In Plaintiff's consumer report from Clarity dated Oct 9, 2020, Clarity and  
 15 Elastic inaccurately reported the following errors on Plaintiff's Elastic account:  
 16 Current Balance: \$3,064; Current Loan Amount: \$3,064; Past Due: \$3,064; and  
 17 Status: Charge-Off. This was inaccurate, misleading, and derogatory because  
 18 Plaintiff filed for bankruptcy on Apr 10, 2020 and Plaintiff received a discharge  
 19 on Jul 13, 2020.
- 20 34. Additionally, in Plaintiff's consumer report from Clarity dated Oct 9, 2020,  
 21 Clarity and CNU inaccurately reported the following errors on Plaintiff's CNU  
 22 account: Current Balance: \$625; Current Loan Amount: \$500; Past Due: \$625;  
 23 and Status: Charge-Off. This was inaccurate, misleading, and derogatory  
 24 because Plaintiff filed for bankruptcy on Apr 10, 2020 and Plaintiff received a  
 25 discharge on Jul 13, 2020.
- 26 35. On Jun 24, 2021, Plaintiff disputed the inaccurate reporting pursuant to 15  
 27 U.S.C. § 1681i, by notifying Clarity, in writing, of the inaccurate, misleading,

1 and derogatory information.

2 36. Specifically, Plaintiff sent a letter, certified, return receipt, to Clarity, requesting  
3 the above inaccurate information be updated, modified, or corrected.

4 37. Clarity was required to conduct a reinvestigation into the disputed information  
5 on Plaintiff's consumer report pursuant to 15 U.S.C. §1681i.

6 38. Upon information and belief, Clarity timely notified Elastic and CNU regarding  
7 Plaintiff's dispute, as required under 15 U.S.C. § 1681i(a)(2).

8 39. Upon information and belief, Clarity provided Elastic and CNU with a notice  
9 regarding Plaintiff's dispute under 15 U.S.C. § 1681i(a)(5)(A).

10 40. Upon information and belief, Clarity provided all relevant information to  
11 Elastic and CNU regarding Plaintiff's dispute, as required under 15 U.S.C. §  
12 1681i(a)(2).

13 41. Plaintiff never received any notification from Clarity that Clarity, Elastic, and  
14 CNU investigated and reinvestigated Plaintiff's dispute, as required under 15  
15 U.S.C. § 1681i(a)(6).

16 42. A reasonable investigation by Clarity, Elastic, and CNU would have determined  
17 that they were reporting the above disputed information inaccurately.

18 43. Clarity, Elastic, and CNU failed to review all relevant information provided by  
19 Plaintiff in Plaintiff's dispute, as required by and in violation of 15 U.S.C. §  
20 1681i and 15 U.S.C. § 1681s-2(b), respectively.

21 44. Upon information and belief, Elastic and CNU continued to report the  
22 inaccurate information.

23 45. In turn, Clarity re-reported the inaccurate information, thus violating its duty to  
24 follow reasonable procedures to assure maximum possible accuracy under 15  
25 U.S.C. § 1681e(b) when preparing a consumer report.

26 46. Clarity, Elastic, and CNU upon receipt of Plaintiff's dispute, failed to conduct  
27 an investigation or reinvestigation with respect to the disputed information as

1 required by 15 U.S.C. § 1681i and 15 U.S.C. § 1681s-2(b), respectively.

2 47. Due to Clarity's, Elastic's, and CNU's failure to reasonably investigate, they  
3 further failed to correct and update Plaintiff's information as required by 15  
4 U.S.C. § 1681i and 15 U.S.C. § 1681s-2(b), thereby causing continued  
5 reporting of inaccurate information in violation of 15 U.S.C. § 1681i and 15  
6 U.S.C. § 1681s-2(b), respectively.

7 48. Clarity's, Elastic's, and CNU's continued inaccurate, misleading, and derogatory  
8 reporting was knowing and willful, in light of their knowledge of the actual  
9 error. Plaintiff is, accordingly, eligible for statutory damages.

10 49. Also as a result of Clarity's, Elastic's, and CNU's continued inaccurate,  
11 misleading, and derogatory reporting, Plaintiff has suffered actual damages,  
12 including without limitation, fear of credit denials, out-of-pocket expenses in  
13 challenging the inaccurate reporting, damage to Plaintiff's creditworthiness, and  
14 emotional distress.

15 50. By inaccurately reporting consumer information after notice and confirmation  
16 of their errors, Clarity, Elastic, and CNU failed to take the appropriate measures  
17 as required under 15 U.S.C. § 1681i and 15 U.S.C. § 1681s-2(b), respectively.

18 **Plaintiff's damages**

19 51. In addition to Plaintiff's creditworthiness being negatively impacted, Plaintiff  
20 suffered emotional distress and mental anguish as a result of Defendants'  
21 actions described herein. In addition, Plaintiff incurred out-of-pocket costs and  
22 time in attempts to dispute Defendants' actions. Plaintiff further suffered  
23 humiliation and embarrassment.

24 **VIOLATION OF THE FAIR CREDIT REPORTING ACT**

25 **15 U.S.C. § 1681**

26 52. Plaintiff incorporates by reference all of the above paragraphs of this Complaint  
27 as though fully stated herein.

- 1       53. The foregoing acts and omissions constitute numerous and multiple willful,  
2           reckless, or negligent violations of the FCRA, including but not limited to each  
3           and every one of the above-cited provisions of the FCRA, 15 U.S.C § 1681, et  
4           seq.
- 5       54. As a result of each and every willful violation of the FCRA, Plaintiff is entitled  
6           to actual damages as the Court may allow pursuant to 15 U.S.C. § 1681n(a)(1);  
7           statutory damages pursuant to 15 U.S.C. § 1681n(a)(1); punitive damages as the  
8           Court may allow pursuant to 15 U.S.C. § 1681n(a)(2); and reasonable attorney's  
9           fees and costs pursuant to 15 U.S.C. § 1681n(a)(3) from Defendants.
- 10      55. As a result of each and every negligent noncompliance of the FCRA, Plaintiff is  
11           entitled to actual damages as the Court may allow pursuant to 15 U.S.C. §  
12           1681o(a)(1); and reasonable attorney's fees and costs pursuant to 15 U.S.C. §  
13           1681o(a)(2) from Defendants.

## **Prayer for relief**

15 56. Plaintiff prays that judgment be entered against Defendants, and Plaintiff be  
16 awarded damages from Defendants, as follows:  
17     ● An award of actual damages pursuant to 15 U.S.C. § 1681n(a)(1);  
18     ● An award of statutory damages pursuant to 15 U.S.C. § 1681n(a)(1);  
19     ● An award of punitive damages as the Court may allow pursuant to 15 U.S.C.  
20         § 1681n(a)(2);  
21     ● An award of costs of litigation and reasonable attorney's fees, pursuant to 15  
22         U.S.C. § 1681n(a)(3), and 15 U.S.C. § 1681(o)(a)(1); and  
23     ● Any other relief that this Court deems just and proper.

III

## Jury Demand

2 57. Pursuant to the Seventh Amendment to the Constitution of the United States of  
3 America, Plaintiff is entitled to, and demands, a trial by jury.

Dated: May 16, 2022.

Respectfully submitted,

KIND LAW

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